

**OPEN**

**Adults and Health Committee**

**24<sup>th</sup> March 2025**

**Service Budgets 2025/26 (Adults & Health Committee)**

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**Report of: Adele Taylor, Interim Executive Director of Resources (s151 Officer)**

**Report Reference No: AH/32/24-25**

**Ward(s) Affected: All Wards**

**Purpose of Report**

- 1 This report sets out the allocation of the approved budgets for 2025/26 to the Adults and Health Committee.
- 2 The report contributes to the commitment of being an effective and enabling Council.

**Executive Summary**

- 3 The Medium-Term Financial Strategy (MTFS) for Cheshire East Council for the four years 2025/26 to 2028/29 was approved by full Council on 26 February 2025.
- 4 Service committees are being allocated budgets for 2025/26 in line with the approved MTFS. The financial reporting cycle will provide regular updates on progress on delivery of the budget change items, the forecast outturn position, progress on capital schemes, movement on reserves and details of any supplementary estimates and virements.
- 5 The financial reporting timetable for 2025/26 was approved by Finance Sub-Committee on 10 March 2025 and is included at Annex B.
- 6 Following on from the implementation in 2024/25, in addition to the usual comprehensive reporting at First, Second and Third Financial Reviews (September, November and January cycles) and in recognition of the Council's continuing challenging financial position and the importance of achieving a balanced outturn, service committee meetings during 2025/26 will continue to receive an update report on the delivery of the approved budget change items. This will be based on the Section 2 items shown in Annex A, for each respective committee, and will include RAG-rating and accompanying commentary in respect of each item.

## RECOMMENDATIONS

The Adults and Health Committee is recommended to:

1. Note the decision of the Finance Sub-Committee to allocate the approved revenue and capital budgets, related budget changes items and earmarked reserves to the Adults and Health Committee, as set out in Annex A.
2. Note the financial reporting timetable for 2025/26 set out in Annex B as approved at Finance Sub-Committee on 10 March 2025.

### Background

- 7 All councils are legally required to set a balanced budget each year. The MTFS for 2025-29 was approved by full Council on 26 February 2025.
- 8 The MTFS includes a Report from the Chief Finance Officer in line with the Section 25(1) of the Local Government Finance Act 2003. This report confirms that the MTFS is balanced for 2025/26 with the use of Exceptional Financial Support. The report also highlights the factors taken into account in arriving at this judgement including relevant financial issues and risks facing the Council during the medium term.
- 9 Finance Procedure Rules set limits and responsibilities for movement of funds, treating reserves as part of this overall balanced position. Any movement within this balanced position is treated as a virement. To increase the overall size of the MTFS requires a supplementary estimate, which must be backed with appropriate new funding and approved in-line with the Finance Procedure Rules.
- 10 To support accountability and financial control under the committee system the 2025/26 budget is being reported across the service committees based on their associated functions. This report sets out the allocation of the revenue and capital budgets and earmarked reserves to the relevant service committee in accordance with their functions.
- 11 Each committee function has been associated with a Director budget. Budget holders are responsible for budget management. Where a team supports multiple Directorates (most notably in Corporate Services) the budget remains with the Service Director and is not split; for example, Governance and Democratic Services budgets are aligned to the Corporate Policy Committee even though the activities of the team relate to services provided to all Directorates of the Council.

- 12 The financial alignment of budgets to each Committee is set out in Table 1 with further details in Annex A.

Table 1: Revenue and capital budgets allocated to service committees as per the approved MTFS	Revenue Budget			Capital Budget	Total Revenue and Capital Budget
	Service Area	Expenditure £000	Income £000	Net Budget £000	£000
Adults and Health	252,154	-92,705	159,449	389	159,838
Children and Families	107,383	-10,095	97,288	37,723	135,011
Corporate Policy	108,802	-66,014	42,788	12,745	55,533
Corporate Policy – Council Wide Transformation	-12,702	-750	-13,452		-13,452
Economy and Growth	38,144	-9,703	28,441	36,081	64,522
Environment and Communities	68,964	-23,263	45,701	19,357	65,058
Highways and Transport	28,370	-11,469	16,901	66,782	83,683
Finance Sub – Central	54,012	-3,492	50,520		50,520
<b>Total Cost of Service</b>	<b>645,127</b>	<b>-217,491</b>	<b>427,636</b>	<b>173,077</b>	<b>600,713</b>
<b>Total Funding</b>		<b>-402,375</b>	<b>-402,375</b>		
Exceptional Financial Support	-25,261		-25,261		
<b>Net Position</b>	<b>619,866</b>	<b>-619,866</b>	<b>-</b>		

- 13 The MTFS 2025-29 includes a net revenue budget of £402.4m and an approved capital programme of £173.0m for the financial year 2025/26. Further details on the schemes within the capital programme are provided in Annex A.
- 14 Annex A sets out the list of budget change items that were approved as part of the MTFS. All budget changes must be successfully delivered during 2025/26 to avoid a further overspend in the coming financial year. Detailed monitoring of these items will continue at every reporting opportunity and the Council's reporting 'masterplan' and committee work programmes will reflect reporting on the monitoring and delivery of all MTFS change items, including matters requiring consultation and/ or decisions. This will ensure regular reporting to Corporate Leadership Team and all service committees on implementation of the MTFS and achievement of savings, throughout the coming year. In addition to reporting at the formal 'financial review' points in

the year, other progress reports will be scheduled for reporting to particular service committees, on their items as appropriate.

- 15 Annex A sets out the capital programme tables by committee. The four-year capital programme includes investment plans of around £0.6bn. It is proposed that it will be funded through a mixture of Government grants, contributions from other external partners and Council resources. During 2024/25 all schemes requiring borrowing as part of their funding have been subject to review with a view to reducing their impact on the revenue budget and this has mainly been achieved through reprofiling and some budget reductions. There remains a significant amount of borrowing required to fund the programme in 2025/26 and the Capital Programme Board will provide review of and challenge to projects with a view to reducing the revenue cost impact.
- 16 The 2025/26 budget was approved at full Council in February 2025 including the use of up to £25.3m of Exceptional Financial Support to balance the overall budget, as expenditure outweighed the income forecast. Further information on this can be found in the MTFs, Appendix A, Section 2.

### **Transformational savings**

- 17 During 2024/25, in developing this MTFs, the Council has worked with an external partner, Inner Circle, to develop a Transformation Plan. The Transformation Plan is designed to ensure that Council can deliver sustainable services and support infrastructure projects that reflect 'whole life' costs. The production and implementation of a Transformation Plan to deliver key Council objectives and secure the medium-term financial position is also a pre-condition of MHCLG approving the Council's bid for Exceptional Financial Support.
- 18 The Transformation Plan will support the delivery of approved/proposed savings, cost avoidance, cost mitigation and identify new savings for the coming years. There are six programmes within the plan agreed in 2024/25, each containing a range of projects and other initiatives across:

- Workforce
- Social Care
- Place
- Early Intervention and Prevention
- Digital
- Special Projects

The approved Transformation Plan can be accessed here:

<https://moderngov.cheshireeast.gov.uk/ecminutes/documents/s119437/Transformation%20Plan%20V1%20Final%20CPC%20003.pdf>

- 19 The revenue and capital implications for growth, investment and savings associated with the above initiatives have been reflected in the MTFs 2025-29. For the financial year 2025/26, there are 19 Transformation projects which are also MTFs approved budget changes; in total these will deliver net budget savings of £24.4m for 2025/26. Within this total budget saving, there are £13.452m of Council wide cross cutting savings which are held centrally; work

is continuing to refine how these savings will be delivered in detail and these savings will be allocated to service committee budgets as soon as possible.

20 Progress on the delivery of Transformation projects and their associated budget savings will be reported on a monthly basis to the Council's Transformation Board. In addition, all Transformation savings will form an integral part of the Council's existing comprehensive financial reporting process which is set out in paragraph 13.

21 The headline reserves table, as included in the MTFS, is shown below:

	<b>Opening Balance 2024/25</b>	<b>Forecast Closing Balance 2024/25</b>	<b>Forecast Closing Balance 2025/26</b>	<b>Change from closing 2024/25</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>General Reserves</b>	5,580	3,696	5,000	1,304
<b>Earmarked Reserves**</b>	32,277	11,539	9,386	-2,153
<b>Total Revenue Reserves</b>	<b>37,857</b>	<b>15,235</b>	<b>14,386</b>	<b>-849</b>

\* Closing and Opening balances are dependent on outturn at 31 March 2025.

\*\* All remaining Earmarked reserves, excluding those held for ring-fenced purposes or forecast for use in 2025/26, are being transferred into the General Fund reserve during 2024/25 to support the forecast deficit position.

22 The detail behind the earmarked reserve balances included in the table above, for the Adults and Health Committee, is set out in Annex A.

23 Further background information on the reserves balances is available in the Reserves Strategy and the S.25 statement which was approved as part of the MTFS for 2025/26 at the Council meeting on 26 February (MTFS - Appendix A, Annex 8 (Reserves Strategy) and Page 42 (S.25 statement)).

- 24 The table below summarises the estimated four-year position, as included in the MTFS. Early work on business planning for 2026/27 and future years will continue, as part of the Transformation Programme.

	Approved Net Budget 2025/26 £m	Estimated Net Budget 2026/27 £m	Estimated Net Budget 2027/28 £m	Estimated Net Budget 2028/29 £m
<b>Total Service Expenditure</b>	<b>377.1</b>	<b>362.6</b>	<b>356.3</b>	<b>366.1</b>
<b>Central Budgets:</b>				
Capital Financing	35.0	38.8	41.9	43.2
Income from Capital Receipts	-1.0	-1.0	-1.0	-1.0
Bad Debt Provision (change)	-0.1	-0.1	-0.1	-0.1
Contingency Budget	16.0	30.9	42.8	55.7
Risk Budget	0.0	3.8	2.0	0.8
Pension adjustment	-0.7	-0.7	-0.7	-0.7
Use of Reserves	1.3	5.0	8.9	8.9
<b>Total Central Budgets</b>	<b>50.5</b>	<b>76.6</b>	<b>93.7</b>	<b>106.9</b>
<b>TOTAL: SERVICE + CENTRAL</b>	<b>427.6</b>	<b>439.3</b>	<b>450.0</b>	<b>473.0</b>
<b>Funded by:</b>				
Council Tax	-307.3	-325.6	-345.0	-365.5
Business Rates Retention	-57.1	-57.1	-57.1	-57.1
Revenue Support Grant	-0.8	-0.8	-0.8	-0.8
Specific Unringfenced Grants	-37.1	-34.1	-34.1	-34.1
<b>TOTAL: FUNDED BY</b>	<b>-402.4</b>	<b>-417.7</b>	<b>-437.0</b>	<b>-457.6</b>
<b>Exceptional Financial Support - Capitalisation Direction</b>	<b>-25.3</b>			
<b>FUNDING POSITION</b>	<b>0.0</b>	<b>21.6</b>	<b>13.0</b>	<b>15.4</b>

Note – table may not add across/down due to roundings

### Consultation and Engagement

- 25 The annual business planning process involves engagement with local people and organisations. Local authorities have a statutory duty to consult on their budget with certain stakeholder groups including the Schools Forum and businesses. In addition, the Council chooses to consult with other stakeholder groups. The Council continues to carry out stakeholder analysis to identify the

different groups involved in the budget setting process, what information they need from us, the information we currently provide these groups with, and where we can improve our engagement process.

- 26 The Medium-Term Financial Strategy has been developed during 2024 and an online budget engagement survey was published on 19 December 2024.

### **Reasons for Recommendations**

- 27 In accordance with the Cheshire East Plan and the Policy Framework the Finance Sub-Committee has the responsibility to co-ordinate the management and oversight of the Council's finances, performance and risk management arrangements.
- 28 The Sub-Committee is responsible for allocating budgets across the service committees. This responsibility includes the allocation of revenue and capital budgets as well as relevant earmarked reserves.
- 29 The Sub-Committee has responsibilities within the Constitution to approve, or recommend for approval, virement and supplementary estimates that will amend the MTFs. Such requests are brought to the Committee as they arise.

### **Other Options Considered**

- 30 Not applicable.

### **Implications and Comments**

#### *Monitoring Officer/Legal*

- 31 The legal implications surrounding the process of setting the 2025 to 2029 Medium-Term Financial Strategy were dealt with in the reports relating to that process.

#### *Section 151 Officer/Finance*

- 32 Contained within the main body of the report.

#### *Policy*

- 33 The Cheshire East Plan sets the policy context for the MTFs and the two documents are aligned. Any policy implications that arise from activities funded by the budgets that this report deals with will be dealt within the individual reports to Members or Officer Decision Records to which they relate.

<b>Commitment 3: An effective and enabling council</b>
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#### *Equality, Diversity and Inclusion*

- 34 Under the Equality Act 2010, decision makers must show 'due regard' to the need to:

- a. Eliminate unlawful discrimination, harassment and victimisation;
  - b. Advance equality of opportunity between those who share a protected characteristic and those who do not share it; and
  - c. Foster good relations between those groups.
- 35 The protected characteristics are age, disability, sex, race, religion and belief, sexual orientation, gender re-assignment, pregnancy and maternity, and marriage and civil partnership.
- 36 Having “due regard” is a legal term which requires the Council to consider what is proportionate and relevant in terms of the decisions they take.
- 37 The Council needs to ensure that in taking decisions on the Medium-Term Financial Strategy and the Budget that the impacts on those with protected characteristics are considered. The Council undertakes equality impact assessments where necessary and continues to do so as proposals and projects develop across the lifetime of the Corporate Plan. The process assists us to consider what actions could mitigate any adverse impacts identified. Completed equality impact assessments form part of any detailed Business Cases.
- 38 Positive impacts include significant investment in services for children and adults (protected characteristics primarily age and disability).
- 39 The Cheshire East Plan’s vision reinforces the Council’s commitment to meeting its equalities duties, promoting fairness and working openly for everyone. Cheshire East is a diverse place and we want to make sure that people are able to live, work and enjoy Cheshire East regardless of their background, needs or characteristics.

#### *Human Resources*

- 40 Any HR implications that arise from activities funded by the budgets that this report deals with will be dealt within the individual reports to Members or Officer Decision Records to which they relate.

#### *Risk Management*

- 41 Financial risks are assessed and reported on a regular basis, and remedial action taken if and when required. Risks associated with the achievement of the 2025/26 budget and the level of general reserves were factored into the 2025/26 financial scenario, budget and reserves strategy.

#### *Rural Communities*

- 42 The report provides details of service provision across the borough.

*Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND)*

43 The report provides details of service provision across the borough.

*Public Health*

44 Public health implications that arise from activities that this report deals with will be dealt with as separate reports to Members or Officer Decision Records as required.

*Climate Change*

45 Any climate change implications that arise from activities funded by the budgets that this report deals with will be dealt within the individual reports to Members or Officer Decision Records to which they relate.

<b>Access to Information</b>	
Contact Officer:	Adele Taylor Interim Executive Director of Resources Services (Section 151 Officer) <a href="mailto:adele.taylor@cheshireeast.gov.uk">adele.taylor@cheshireeast.gov.uk</a>
Appendices:	<b>Annex A</b> - Allocation of revenue and capital budgets, budget change items and earmarked reserves to service committees <b>Annex B</b> – Draft Financial Reporting Timetable 2025/26
Background Papers:	The following are links to key background documents: <a href="#">Medium-Term Financial Strategy 2025-2029</a>